

## North Is Said to Have Told CIA Chief Of Iran-Contra Link in Early October

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WASHINGTON—The deputy director of the Central Intelligence Agency has testified that Lt. Col. Oliver North mentioned a link between Iranian arms sales and covert aid to Nicaraguan insurgents during a luncheon with CIA Director William Casey in early October, according to intelligence sources.

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"There was a clean reference to some of the money going to the Contras," said a source familiar with secret testimony by Robert Gates, Mr. Casey's deputy, before Congress this month. Mr. Gates attended the luncheon at CIA headquarters with the director, and a second source confirmed that Mr. Gates recalled Lt. Col. North briefly discussing the Contras then "in connection with Iran."

Separately, U.S. law enforcement officials said they suspect that profits from the arms sales already have been moved out of Swiss bank accounts. The officials say the government's inquiry is focusing on Panamanian and Caribbean bank accounts believed to have been used to funnel funds to Nicaraguan insurgents.

In Congress, meanwhile, White House Chief of Staff Donald Regan is expected to be called by the Senate Intelligence Committee this week, and the administration last night indicated that it wouldn't stand in the way of his testifying. And, as congressional investigations proceed, Democrats are resisting GOP appeals to expedite the inquiry by giving Lt. Col. North immunity in return for his testimony.

Lt. Col. North was fired last month from his position on the National Security Council after allegedly masterminding a scheme to use profits from the sales to circumvent a congressional ban on U.S. military aid to the Nicaraguan rebels.

### Luncheon's Timing Important

The October luncheon is important in measuring when the agency learned of the Nicaragua connection and whether Lt. Col. North saw himself as acting alone or at least with the implicit approval of superiors. Mr. Casey's memory of the luncheon was more vague in his testimony than that of Mr. Gates, sources said, but the CIA director repeatedly has denied knowing that funds were being diverted to the Contras until it was discovered by the Justice Department in November.

The luncheon was held shortly after Nicaraguan forces shot down a transport plane ferrying arms to the Contras Oct. 5. The CIA was anxious then to show it had

no direct involvement in the private Contra supply network that Lt. Col. North had helped to establish from the White House. However, Mr. Casey has said in secret testimony that he was beginning to receive information of possible irregularities in the arms sale finances, according to intelligence sources.

According to Mr. Casey's congressional testimony, the director met in October with New York energy consultant Roy Furmark, an old friend. Mr. Furmark has been linked to Saudi financier Adnan Khashoggi, who has acted as a middleman in the arms deals. Mr. Furmark warned Mr. Casey that private investors in the sales were threatening to expose the secret operation because of delayed payments by Iran, and Mr. Casey has testified that, as a result of these discussions, he began his own internal inquiry at the CIA in October.

The exact date of the director's meeting with Mr. Furmark remains unclear, but Mr. Casey has testified that the two men at least had begun discussions by Oct. 7. The luncheon with Lt. Col. North occurred Oct. 8 or 9, but according to Mr. Gates's testimony, sources said, no apparent effort was made at the meeting to question or challenge Lt. Col. North's reference to money going to the Contras.

### Removed From Knowledge

From Mr. Casey's and Mr. Gates's testimony, it remains uncertain how specific Lt. Col. North was at the October luncheon. Critics of the director have argued that he followed a calculated pattern of removing himself from knowledge of what the former National Security Council staff member was doing. Mr. Casey has cast himself as taking orders in some cases from the lieutenant colonel, a source said. More generally within the CIA, operatives are vague about what they observed of the private supply network.

Money from the arms sales appears to have followed a documented trail of corporate connections running from Switzerland to Central America, and disclosures yesterday drew a tighter connection between the financial network and Lt. Col. North and his associates. From Panama City, Panama, a Knight-Ridder News Service report cited Panamanian government records it said showed that Lake Resources Inc., a company whose Swiss bank account was used to hold receipts from the arms sales, was dissolved a week after the first disclosure in November of the U.S.-Iranian transactions.

Separately, sources close to Lt. Col. North said he flew to Switzerland in the

same period, leaving Washington on the evening of Nov. 8 and returning Nov. 10. White House spokesman Larry Speakes denied then that Lt. Col. North was away, but the dates closely correspond with the termination of the company Nov. 10.

Suzanne Hefti, a Fribourg, Switzerland, accountant identified as president of Lake Resources, said in a telephone interview yesterday that she had never met Lt. Col. North. But through Swiss corporate records, she can be linked to individuals who, investigators said, assisted Lt. Col. North in the secret operation.

Ms. Hefti's firm, Audifi S.A., was used in the past as an address for Stanford Technology Corporation Services, whose principals include officers of Geneva, Switzerland-based Cie. des Services Fiduciaires. That company is managed by Willard Zucker, an attorney with a long history of dealings on behalf of Albert Hakim, the founder of Stanford Technology Trading Group and a business associate of retired Air Force Maj. Gen. Richard Second.

Maj. Gen. Second and Mr. Hakim are regarded as central figures in the private network used by Lt. Col. North. Among other transactions, planes for the insurgents were bought through CSF Investments, a Bermuda firm whose stock is controlled through Services Fiduciaires.

Ms. Hefti, who has acknowledged meeting Messrs. Hakim and Zucker in the past, wouldn't comment on her role in Lake Resources other than to say she acted on behalf of a client. "I'm in a position of secrecy," she said.

In their effort to unravel the secret financial transactions, federal law enforcement officials said they have shifted their focus and now are seeking information about bank accounts in Panama and in Bermuda, the Grand Cayman Islands and at least one other Caribbean nation.

Investigators suspect that most, if not all, of the profits from the arms sales to Iran initially went into one of two numbered Swiss accounts controlled by Lt. Col. North, Maj. Gen. Second or another of their associates. According to law enforcement officials, funds were funneled quickly to accounts in bank-secrecy havens in Panama and Caribbean nations, divided up, and then transferred to accounts in other locations.

Such transactions under scrutiny, ac-

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According to administration officials familiar with the investigation, include those involving accounts associated with CSF Investments and Panamanian accounts believed to have been used to provide aid to the Contras.

While reports of the diversion of funds to the Contras have received most of the attention focused on probes of the Iran affair, government investigators also are trying to determine whether some of the funds went to the campaigns of conservative congressional candidates.

A Lowell, Mass., newspaper, the Sun, reported yesterday that \$5 million in proceeds from the arms sales to Iran went to conservative groups, which then used the money to support candidates who backed Mr. Reagan's pro-Contra and Star Wars policies. The newspaper didn't identify its sources.

Meanwhile, law enforcement officials said Associate Attorney General Stephen Trott, the Justice Department's third-highest appointee, several weeks ago asked the U.S. Customs Service to delay part of its investigation of Southern Air Transport, a Miami-based cargo airline linked to the Contras and to clandestine U.S. initiatives to free U.S. hostages in the Middle East.

The disclosure, along with a similar request by Mr. Trott to the director of the Federal Bureau of Investigation around the same time, is almost certain to prompt stepped-up congressional investigation of the Justice Department's role in the Iran-Contra affair.

Mr. Trott and Attorney General Edwin Meese have declined to comment. But officials said over the weekend that the request to the FBI and the Customs Service around the end of October both came from Mr. Trott on Mr. Meese's behalf.

In a brief statement cleared by both officials and issued Friday, the department acknowledged that "legitimate national security concerns required" a delay of roughly 10 days of both inquiries, but didn't hinder their progress. Law enforcement officials have said that Mr. Webster was told to put the investigation on hold because of "delicate hostage negotiations" in the Middle East. The FBI has declined to comment on the matter.

The delay also prompted Sen. Joseph Biden (D., Del.), slated to be chairman of the Judiciary Committee, to contact Mr. Webster over the weekend and to ask Michael Shaheen, head of the Justice Department's Office of Professional Responsibility, to investigate whether Mr. Meese or others improperly interfered in the investigation of the diversion of funds to the Contras.

Mr. Meese has denied doing anything improper, and he has said he didn't suspect until nearly a month after the requests that profits from the arms sales were diverted to Contra groups.

In recent days, two Canadians have figured prominently in the Iranian arms controversy. The Wall Street Journal on Friday reported that the Canadians, Donald Fraser and Walter Ernest Miller, had agreed to provide Mr. Khashoggi, the Saudi financier and arms dealer, with \$10 million to finance some arms purchases for Iran, according to sources.

Messrs. Fraser and Miller agreed to provide the money through a Cayman Islands company, Vertex Finances S.A., according to sources familiar with the transaction. Both men are directors of that concern. The sources said the financial arrangement was worked out in meetings in the Cayman Islands and Geneva in March 1986. They said the transaction was reflected in the records of Triad America Corp., Mr. Khashoggi's U.S.-based company, as being for international marketing.

Mr. Fraser, an accountant, operates from Toronto, Monaco and the Cayman Islands. Mr. Miller, a real estate developer, lives in the Toronto area. Neither man could be reached for comment despite repeated attempts.

Mr. Furmark, the New York energy consultant and Khashoggi associate, was reported to have told a Toronto newspaper that Messrs. Fraser and Miller got back only \$1.1 million on the funds they provided to Mr. Khashoggi for Iranian arms transactions.

The Toronto Star, in its Sunday editions, said Mr. Furmark disclosed that Messrs. Fraser and Miller weren't repaid because the arms shipment wasn't completed. The newspaper said Mr. Furmark reported that some equipment and spare parts were purchased and sent to Iran using funds provided by Messrs. Fraser and Miller.

#### **Mr. Regan May Be Called**

Mr. Casey is scheduled to be called back before the Senate Intelligence Committee tomorrow, and the bipartisan leadership of the panel is expected to recommend today that Mr. Regan also be called this week.

Over the weekend, Mr. Regan appeared to be resisting continued pressure to resign from members of Congress and some of President Reagan's advisers and friends. Senate Republican leader Robert Dole said on NBC-TV's "Meet the Press" yesterday that Mr. Regan told him Saturday night: "I'm not leaving the White House."

In recent days, the call for Messrs. North and Poindexter to waive their constitutional rights and make a clean breast of what they know has intensified, but Mr. Reagan's aides said privately that they believe it is too late for the president to ask them to do so.

The committee is scheduled to meet late today to review the course of its inquiry, but there appears to be no consensus on whether to grant immunity to Lt. Col. North as a way of getting him to testify on the operation.

#### **Refusals to Testify**

Lt. Col. North, former National Security Adviser John Poindexter and Maj. Gen. Secord are three of the principal witnesses who so far have refused to testify, citing their Fifth Amendment right not to incriminate themselves. Republicans have begun to press for immunity, but Democrats, who will control both houses in the new Congress next month, so far have resisted those efforts.

Separately, the Associated Press reported yesterday that Vice President Bush asked his national security adviser, Donald Gregg, for a full accounting of all meetings for which he put a former CIA official, Felix Rodriguez, in touch with U.S. officials to discuss aid to the Contras. Mr. Gregg this weekend told the New York Times that neither he nor Mr. Bush knew until August that Mr. Rodriguez was heavily involved in private arms shipments to the Contras.

In a related area, John Kelly, U.S. Ambassador to Lebanon, told State Department officials he thought that Secretary of State George Shultz was aware of the plan to bypass the department in communications with senior administration officials on hostage negotiations involving Iran. According to officials, Mr. Kelly said that Mr. Poindexter told him Secretary Shultz was aware of Mr. Kelly's actions.

Mr. Shultz met Saturday with Mr. Kelly in Washington. Yesterday, a department official wouldn't say when or whether Mr. Kelly would return to his post in Beirut.

Last Monday, Mr. Shultz told the House Foreign Affairs Committee that Mr. Kelly had informed him the previous weekend of his secret discussions with Messrs. Poindexter and North. Mr. Shultz said he was "shocked" by the disclosure, and ordered the ambassador to return to Washington to provide further information.

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